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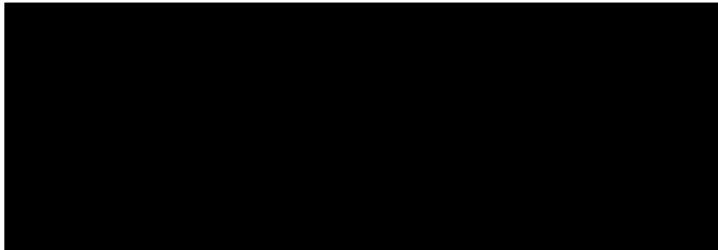
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 1st Meeting

10:30 - 12:30, 4 November 1954

PRESENT

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Lt. Col. Brown, OSD
Mr. Smiley, ONI
Mr. Whitt, AFOIN
Mr. Wood, G-2
Cmdr. Meyertholen, ONI
Mrs. Young, EDS/State
Miss Worthing, OIR/State
Mr. Tilson, FOA/MDAC
Mr. Young, Commerce
Mr. Slaght, FOA

1. PROGRESS REPORT ON OUTSTANDING PROJECTS

a. Intelligence on Soviet Bloc Orders for Copper Wire

Discussion - Mr. Young reviewed the recent proposal of the German Federal Republic that consideration be given to placing certain types of copper wire again under embargo to Soviet destinations. He called attention to JOC action at its meeting of 12 October when it was agreed that the EDIC would be requested to furnish supporting information and justification, if possible, including Bloc requirements and orders placed in the West.

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Miss Worthing explained that by ORR-OIR-MDAC agreement, a study had been undertaken by OIR covering copper wire and cable which will be furnished EDIC for review and comment. [REDACTED] referred to TOPOL 538 of 2 November which furnishes additional information on this matter. 25X1A9a

Action - It was agreed that the EDIC would not initiate a case on this subject but would review the OIR paper when completed.

b. Production and Uses of Indium

Discussion - EDIC Case No. 1 of 29 October 1954, outlining the MDAC request for an EDIC study on Soviet bloc and western European production and uses of indium, and indicating action taken at the 21 October meeting, was distributed. Work is progressing on this request in OIR, AFOIN and CIA, but further discussion was deferred for a later meeting.

c. Soviet Bloc Petroleum Exports

Discussion - The Acting Chairman inquired as to the present status of a paper on this subject emphasizing the trade tactics aspect which had been requested through EDIC by MDAC on 5 August 1954. Miss Worthing reported that an earlier OIR intelligence report (IR 6519 of 19 July 1954) is being brought up-to-date and that the responsible OIR analyst has been in contact with CIA and AFOIN. She indicated that this paper will be distributed to EDIC members for comment.

Action - The Acting Chairman instructed the Executive Secretary, as a matter of standard operating procedure, to call each EDIC member for comments on the paper following its distribution.

2. SOVIET PROCUREMENT OF TECHNICAL DATA, MODELS, AND PROTOTYPES IN THE UNITED STATES

Discussion - EDIC/ID-3 of 3 November 1954 on this subject was distributed to members. This paper summarized an article from the midsummer 1954 issue of the ONI Review (Secret Supplement) which provided examples of unclassified strategic intelligence being collected in this country by Soviet bloc representatives. This information was brought to EDIC attention as relevant to current Department of Commerce action to strengthen export control of technical data.

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3. MDAC REQUIREMENTS FOR CARGO AND SHIPPING DATA

Discussion - EDIC had discussed this subject at several of its earlier meetings. The Acting Chairman reviewed the background of this problem, indicating that the bulk of responsibility for such support as outlined in DCID 15/1 and as understood within the intelligence community lies with ONI. He suggested that EDIC discuss the manner in which the various agencies, particularly ONI and CIA, share responsibilities in this field. Regarding CIA participation in the program, the Acting Chairman stated that the Economic Defense Division provides two T/O slots for this work and is responsible for servicing requests for cargo and shipping intelligence from within CIA, for developing with the cooperation of ONI additional information to support enforcement operations in D/E/RR, and, more recently, for integrating CIA and other information with ONI data in support of COCOM shipping control negotiations. 25X1A9a [redacted] added that although this problem of using available intelligence is largely solved, it would still be desirable for FOA/MDAC, State/EDS, CIA, and ONI to mesh more closely their respective operations in exploiting the information. He reported that where only Navy information is required by MDAC for specific action cases, a direct 25X1A9a channel from ONI through OSD has been established. [redacted] acknowledged that in CIA his unit receives effective assistance from other elements of ORR (I/SH and S/TR). He called attention to the fact, however, that the specific proposals for "Intelligence Collection on Merchant Shipping Activities Concerning the Soviet Bloc", which the EIC Transportation Subcommittee prepared in 1952, had been reviewed in the EIC but never implemented. He believed that implementation of these proposals would result particularly in procurement of better cargo intelligence.

Mr. Tilson declared that no organizational support problem now exists in this field although collection of cargo intelligence is still not adequate. He reviewed the earlier proposal, which had not materialized, that MDAC funds be allocated to ONI for increased staffing, and reported on resumption of ONI serial publications on this subject.

Cmdr. Meyertholen spoke of ONI's continuing efforts to provide information of this type, indicating that the only problem is one of collection.

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4. TRANSMITTAL OF CURRENT ECONOMIC DEFENSE INTELLIGENCE TO
EDAC AGENCIES

Discussion - Attention was called to EDIC/AM-2 of 3 November on this subject. This paper provided an outline which (it was proposed) could serve as a basis for an EDIC study on the procedures by which current economic defense intelligence (other than enforcement) is furnished EDAC agencies. The need for such a study was first brought to the attention of EDIC at its 30 September meeting and was prompted by a G-2 inquiry concerning such procedures. The Acting Chairman reviewed this outline and indicated that adequate procedures exist for transmittal of enforcement intelligence through the DCN mechanism. He stated the problem as that of determining how effective and timely is the distribution of other current economic defense intelligence and of whether the needs of action agencies have been adequately expressed to intelligence agencies.

Mrs. Young and Mr. Tilson, speaking for EDS and MDAC respectively, declared that their intelligence needs are adequately supplied. It appears that Commerce and FOA also receive such information on a routine basis. Mr. Tilson added that it was assumed by MDAC that information of this nature was brought to MDAC attention by the Economic Defense Division of ORR. The Acting Chairman challenged this assumption, stating that D/E/RR had no specific responsibility for providing such information to action agencies.

The Executive Secretary, recalling that earlier discussions of the IWG Current Intelligence Subgroup had revealed that information from the military services had not been regularly provided to action agencies, inquired whether this situation now prevailed with regard to other than enforcement intelligence. Lt. Col. Brown replied that OSD provides to its various representatives in the EDAC structure copies of all intelligence reports provided by the services. OSD assumes, furthermore, that the CIA reading panel distributes to action agencies intelligence received in CIA from the military services. Direct transmittal of such information to action agencies by OSD, therefore, is not considered necessary. Cmdr. Meyertholen qualified the remarks of the OSD member by stating that ONI information is passed directly to action agencies.

The Acting Chairman thought the OSD assumption fallacious since, to his knowledge, CIA does not forward on a routine basis that intelligence received from the services. He emphasized the responsibility of the intelligence community to pass such material to action agencies but cautioned that it was a mistake for action and policy agencies to leave surveillance of incoming material entirely to the intelligence community.

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Mr. Tilson concluded that there were two points to consider: (a) is there a normal flow of current Economic Defense intelligence to action agencies, and (b) does the intelligence community as a routine matter call unusual items to the attention of action agencies?

Action - The Acting Chairman requested that the representatives of MDAC, Commerce and EDS/State check the adequacy of their respective agency requirements for information from the military services, working directly with G-2, ONI, and AFOIN. It was concluded that distribution of intelligence from CIA and State to action agencies was already being handled adequately.

5. BRIEFING ON ECONOMIC DEFENSE ACTIVITIES IN OIR/STATE

Discussion - Miss Worthing provided a graphic description of Economic Defense activities in the Office of Intelligence Research, Department of State. This Office consists of six area divisions, each staffed with specialists competent in a particular field of economic and/or political activity on a world-wide basis. Referring to OIR research in general terms, Miss Worthing explained that the program is geared especially to departmental needs with work being done on a non-routine, special basis. Support is rendered not only to regional offices of the Department but also to such levels as the NSC Planning Board for purposes of policy planning.

As Chief, Commodity Staff, Division of Functional Intelligence (DFI), Miss Worthing is responsible for production of economic intelligence in the commodity field on foreign countries outside the Soviet Bloc. As Economic Defense Coordinator she is responsible for coordination of OIR research operations in the field of economic defense. Miss Worthing explained that the number of OIR positions directly supported by MDAC funds is not a true measure of the amount of work done in this field by OIR. Other persons having primary area assignments are called upon, according to their particular capacity, to contribute to current economic defense projects.

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